

**APPENDIX.****STERLING ACT.**

No. 45.

**AN ACT.**

Empowering cities of the first and second classes to levy, assess and collect, or to provide for the levying, assessment and collection of, certain additional taxes for general revenue purposes; authorizing the establishment of bureaus, and the appointment and compensation of officers and employes to assess and collect such taxes; and permitting penalties to be imposed and enforced.

Section 1. Be it enacted, &c., That from and after the effective date of this act, the council of any city of the first or second class shall have the authority by ordinance, for general revenue purposes, to levy, assess and collect, or provide for the levying, assessment, and collection of, such taxes on persons, transactions, occupations, privileges, subjects and personal property, within the limits of such city of the first or second class, as it shall determine, except that such council shall not have authority to levy, assess and collect, or provide for the levying, assessment and collection of, and tax on a privilege, transaction, subject or occupation, or on personal property, which is now or may hereafter become subject to a State tax or license fee. If, subsequent to the passage of any ordinance under the authority of this act, the General Assembly shall impose a tax or license fee on any privilege, transaction, subject or occupation, or on personal property, taxed by any city of

the first or second class hereunder, the act of Assembly imposing the State tax thereon shall automatically vacate the city ordinance passed under the authority of this act as to all taxes accruing subsequent to the effective date of the act imposing the State tax or license fee. It is the intention of this section to confer upon cities of the first and second classes the power to levy, assess and collect taxes upon any and all subjects of taxation which the Commonwealth has power to tax but which it does not now tax or license, subject only to the foregoing provision that any tax upon a subject which the Commonwealth may hereafter tax or license shall automatically terminate upon the effective date of the State act imposing the new tax or license fee.

Section 2. Cities of the first and second classes are hereby authorized to provide, by ordinance, for the creation of such bureaus, or the appointment and compensation of such officers, clerks, collectors, and other assistants and employes, either under existing departments or otherwise, as may be deemed necessary for the assessment and collection of taxes imposed under authority of this act.

Section 3. The council of cities of the first and second classes shall have power to prescribe and enforce penalties for the nonpayment, within the time fixed for their payment, of taxes imposed under authority of this act, and for the violation of the provisions of ordinances passed under authority of this act.

Section 4. This act shall become effective immediately upon its passage, and approval by the Governor. As to cities of the second class, this act shall remain in force only until June first, one thousand nine hundred and thirty-five, reserving to such cities the right to collect taxes assessed and levied prior to said date.

APPROVED—The 5th day of August, A. D. 1932.

GIFFORD PINCHOT.

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PHILADELPHIA INCOME TAX ORDINANCE OF  
DECEMBER 13, 1939.

(Excerpts)

AN ORDINANCE

“Imposing a tax for general revenue purposes on salaries, wages, commissions and other compensation earned after January 1, 1940, by residents of Philadelphia, and on salaries, wages, commissions and other compensation earned after January 1, 1940, by non-residents of Philadelphia for work done or services performed or rendered in Philadelphia, and on the net profits earned after January 1, 1939, of businesses, professions or other activities conducted by such residents, and on the net profits earned after January 1, 1939, of businesses, professions or other activities conducted in Philadelphia by non-residents; requiring the filing of returns and the giving of information by employers and those subject to the said tax; imposing on employers the duty of collecting the tax at source; providing for the administration, collection and enforcement of the said tax; and imposing penalties.

SECTION 1. *The Council of the City of Philadelphia ordains, That the following words, when used in this ordinance, shall have the meaning ascribed to them in*

this section, except where the context clearly indicates or requires a different meaning.

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‘Non-resident.’ An individual, copartnership, association, or other entity domiciled outside the City of Philadelphia.

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SECT. 2. IMPOSITION OF TAX. An annual tax for general revenue purposes of one and one-half per centum is hereby imposed on (a) salaries, wages, commissions and other compensation earned after January 1, 1940, by residents of Philadelphia; and on (b) salaries, wages, commissions and other compensation earned after January 1, 1940, by non-residents of Philadelphia for work done or services performed or rendered in Philadelphia; and on (c) the net profits earned after January 1, 1939, of businesses, professions or other activities conducted by such residents, and on (d) the net profits earned after January 1, 1939, of businesses, professions or other activities conducted in Philadelphia by non-residents.

The tax levied under (a) and (b) herein shall relate to and be imposed upon salaries, wages, commissions and other compensation paid by an employer or on his behalf to any person who is employed by or renders services to him. The tax levied under (c) and (d) herein shall relate to and be imposed on the net profits of any business, profession or enterprise carried on by any person as owner or proprietor, either individually or in association with some other person or persons.

Said tax shall first be levied, collected and paid with respect to the salaries, wages, commissions and other compensation earned during the calendar year one thousand nine hundred and forty, and with respect to the net profits of businesses, professions or other activities, earned during the calendar year one thousand nine hundred and thirty-nine: *Provided, however, That* where the fiscal year of the business, profession, or other activity differs from the calendar year, the tax shall be applicable to the net profits of the fiscal year, with respect to such portion thereof as was earned subsequent to the thirty-first day of December, one thousand nine hundred and thirty-eight.

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SECT. 10. APPLICABILITY. This ordinance shall not apply to any person or property as to whom or which it is beyond the legal power of Council to impose the tax or duties herein provided for."

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PERTINENT PROVISIONS OF PUBLIC ACT #819  
(U. S. C. TITLE 4, SECTIONS 14 et seq.)

Sec. 1 [This section has relation only to sales taxes].

"Sec. 2 (a) No person shall be relieved from liability for any income tax levied by any State, or by any duly constituted taxing authority therein, having jurisdiction to levy such a tax, by reason of his residing within a Federal area or receiving income from transactions occurring or services performed in such area; and such State or taxing authority shall have full juris-

diction and power to levy and collect such tax in any Federal area within such State to the same extent and with the same effect as though such area was not a Federal area.

(b) The provisions of subsection (a) shall be applicable only with respect to income or receipts received after December 31, 1940.

Sec. 3 (a) The provisions of sections 1 and 2 of this title shall not be deemed to authorize the levy ~~or~~ collection of any tax on or from the United States or any instrumentality thereof, or the levy or collection of any tax with respect to sale, purchase, storage, or use of tangible personal property sold by the United States or any instrumentality thereof to any authorized purchaser.

(b) [This subsection defines purchases of merchandise in Government areas].

Sec. 4. The provisions of sections 1-6 of this title shall not for the purposes of any other provision of law be deemed to deprive the United States of exclusive jurisdiction over any Federal area over which it would otherwise have exclusive jurisdiction or to limit the jurisdiction of the United States over any Federal area.

Sec. 5 [This section relates to taxes on Indians].

Sec. 6. As used in sections 1-5 of this title—

(a) The term 'person' shall have the meaning assigned to it in section 3797 of Title 26.

(b) The term 'sales or use tax' means any tax levied on, with respect to, or measured by, sales, receipts from sales, purchases, storage, or use of tangible personal property, except a tax with respect to which the provisions of section 12 of this title are applicable.

(c) The term 'income tax' means any tax levied on,

with respect to, or measured by, net income, gross income, or gross receipts.

(d) The term 'state' includes any Territory or possession of the United States.

(e) The term 'Federal area' means any lands or premises held or acquired by or for the use of the United States or any department, establishment, or agency of the United States; and any Federal area, or any part thereof, which is located within the exterior boundaries of any State shall be deemed to be a Federal area located within such State."